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2 IN THE UNITED STATES DISTRICT COURT

3 FOR THE DISTRICT OF MARYLAND

4 -----X

WYNDHOLME VILLAGE, LLC, et al.

5

6 Plaintiffs and  
Counter-Defendants,

7 Civil Action No.  
L01-3809

8

vs.

9

NADIF OF WYNDHOLME, LLC, et al.

10

11 Defendants and  
Counter-Plaintiffs.

12 -----X

13

14

15 DEPOSITION OF HOWARD ZUKERMAN

16 New York, New York

17 Monday, July 14, 2003

18

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22

23 Reported by:

HOWARD CHAIM CSR

24 CSR NO. 792

JOB NO. 150713

25

1           Howard Zukerman

2       A.   Let's see. After the accounting firm  
3 it was a company called Program Tax Systems and  
4 Program Bookkeeping Systems. After that it was  
5 a company called Frigetemp Corporation, which I  
6 then got transferred to Frigetemp International.  
7 I may be missing something in between. I am not  
8 sure.

9           After Frigetemp was Bear, Stearns.  
10 And then I worked with two syndicators as a  
11 third -- as an outside consultant. And then  
12 after that other things that I am going to plead  
13 the Fifth on.

14       Q.   I think you indicated that there was  
15 some suggestion you might be taking the Fifth  
16 for a number of questions. It's probably easier  
17 to say Fifth Amendment.

18       A.   Than to go through the whole litany.

19       Q.   The entire litany which it would be  
20 that you decline to answer a question on the  
21 grounds it might incriminate and you are  
22 exercising your right under the Fifth Amendment.

23           So with counsel's permission if we  
24 can simply just use that as a shorthand for that  
25 litany unless we want to do the whole thing each

1 Howard Zukerman

2 number of 99 CR 836. Was that the first case  
3 that we were referencing?

4 A. Fifth Amendment.

5 Q. Did you in that case plead guilty to  
6 any counts that were alleged against you by the  
7 United States government?

8 A. Fifth Amendment.

9 Q. I take it pursuant to the colloquy  
10 between counsel and I that you will take, as  
11 well as a prior discussion, that you are going  
12 to take the Fifth Amendment for all questions  
13 related to the matter related to case 99 CR 836?

14 MR. SAMMONS: That's correct.

15 Off the record for a second.

16 (Discussion off the record.)

17 MR. SCHULMAN: Don't we need to get  
18 the witness to say Fifth Amendment?

19 MR. SAMMONS: On your question about  
20 whether this -- all questions relating to  
21 this matter would result in the assertion of  
22 the privilege?

23 MR. SCHULMAN: Yes.

24 MR. SAMMONS: I prefer having him say  
25 nothing other than Fifth Amendment.

1 Howard Zukerman

2 MR. SCHULMAN: Yes, Fifth Amendment.

3 That's fine.

4 MR. SAMMONS: Yes. You assert the

5 Fifth Amendment privilege, is that correct?

6 A. Fifth Amendment.

7 MR. SCHULMAN: Just that we all

8 understand, I just need to make record.

9 That's all.

10 Q. I also understand that -- let me ask

11 you this. Are you presently under indictment

12 for any matters pending in the Southern District

13 of New York and specifically in the case

14 docketed 02 CR 441-5?

15 A. Fifth Amendment.

16 Q. I take it you will also plead the

17 Fifth Amendment for all matters alleged in the

18 indictment in that case?

19 A. Fifth Amendment.

20 Q. Apart from the employers that you

21 have indicated -- I should say when did you

22 complete your employment with Bear, Stearns?

23 A. 1985.

24 Q. Was that the last time you received a

25 W-2?

1 Howard Zukerman

2 A. From them? Probably. Yes.

3 Q. Subsequent to your employment at

4 Bear, Stearns did you receive a W-2 from any

5 other entity?

6 A. Subsequent, Fifth Amendment.

7 Off the record?

8 MR. SAMMONS: You can't go off the

9 record.

10 A. Sorry.

11 MR. SAMMONS: Only we can do that.

12 Q. I believe you indicated you were

13 involved in consulting work after Bear, Stearns.

14 Can you outline the consulting work you did

15 after leaving Bear, Stearns?

16 A. First of all, I don't think I ever

17 said that. Second of all, Fifth Amendment.

18 Q. What did you say then?

19 A. What did I say?

20 Q. If you don't understand the question

21 tell me. I thought you had said that you didn't

22 say that. And I was trying to get you to

23 clarify what you meant. I understood your

24 earlier testimony to be that after working for

25 Bear, Stearns you had a number of consulting

1 Howard Zukerman

2 types of employment?

3 A. I am sorry, oh, yes, you are right.

4 You are right. Then it wasn't '85. I

5 apologize. It was about '80 -- wait a minute.

6 I am confused. Hold on a second. Switch that.

7 From '80 to '82 I think it was. It was a

8 consulting business. I apologize. The other

9 way around. Bear, Stearns, from then till '85.

10 Q. What did you do career-wise after

11 Bear, Stearns?

12 A. Fifth Amendment.

13 Q. You are you going to exercise the

14 Fifth Amendment for all employment or career

15 activities after Bear, Stearns?

16 MR. SAMMONS: May I consult with him?

17 MR. SCHULMAN: Absolutely.

18 (Witness confers with counsel.)

19 A. Okay. While at Bear, Stearns -- let

20 me give you a little bit of background. While

21 at Bear, Stearns and prior to Bear, Stearns I

22 was involved in raising equity and debt for real

23 estate companies and involved in construction

24 overseas where I was -- I set up the financing

25 and the accounting systems for a company that

1           Howard Zukerman

2   was doing construction overseas.

3           After Bear, Stearns I was involved in

4   raising money for various entities. I was

5   involved with raising money for various

6   entities, period.

7   Q.   What were those entities?

8   A.   Fifth Amendment.

9   Q.   Apart from those endeavors were there

10   any other employment or professional activities

11   that you were involved in?

12   A.   Please clarify.

13   Q.   Well, I am trying to find out -- I am

14   trying to understand what you have done from the

15   time that you left Bear, Stearns and for whom

16   you have done it to present. And if there is

17   anything else that you can tell us without

18   exercising the Fifth Amendment, that's what I

19   want to know.

20   A.   I did. I told you that I raised

21   money for various entities, for real estate

22   projects specifically, both development-wise and

23   existing projects.

24   Q.   And can you tell us the projects that

25   you have raised money for?

1 Howard Zukerman

2 Q. Audit confirmation?

3 A. A u d i t. Audit.

4 Q. And those were moneys that were  
5 disbursed by Gotham?

6 A. Yes, sir.

7 Q. What were the dates that you were, if  
8 you were, incarcerated in a federal facility?

9 MR. SAMMONS: Involving Fifth  
10 Amendment.

11 MR. SCHULMAN: Why would that be Fifth  
12 Amendment?

13 MR. SAMMONS: Anything relating to the  
14 cases that we have discussed are subject to  
15 the privilege.

16 Q. Was there ever a time that you were  
17 not a participant in the management team of  
18 NADIF of Wyndholme, LLC?

19 A. Fifth Amendment.

20 Q. Did Mr. Quinn ever tell you who  
21 represented him with regard to his misdemeanors?

22 A. No.

23 Q. Did he say where those misdemeanor  
24 charges were filed against him?

25 A. I don't think so.



1 Howard Zukerman

2 Q. Specifically in the case United  
3 States versus Howard Zukerman, Case Number 99 CR  
4 00836 in the United States District Court for  
5 the Eastern Division in Uniondale, did you plead  
6 guilty to counts 1 through 4 of the amended --  
7 strike that.

8 Did you plead guilty to counts 1  
9 through 4 of the indictment?

10 A. Fifth Amendment.

11 Q. Again with regard to case Case Number  
12 99 CR 836 were you in prison for a period of 12  
13 months and one day?

14 A. Fifth Amendment.

15 Q. Pursuant to the judgment entered in  
16 the case number Case Number 99 CR 836 did you  
17 serve a period of time, and in particular six  
18 months at Fort Dix, New Jersey?

19 A. Fifth Amendment.

20 Q. And with regard to Case Number 99 CR  
21 00836 did you spend six months at a halfway  
22 house?

23 A. Fifth Amendment.

24 Q. According to the docket sheets in  
25 Case Number 99 CR 836 an indictment issued

1           Howard Zukerman

2   against you in that case on September 8, 1999.

3   And my question to you is when did you first

4   learn of that indictment?

5       A.   Fifth Amendment.

6       Q.   Prior to September 8, 1999 do you

7   know whether either you or anyone else on your

8   behalf met with representatives of the United

9   States Attorney's Office concerning possible

10   charges against you?

11      A.   Fifth Amendment.

12      Q.   When did you first learn that you

13   were under investigation for -- strike that.

14           When did you first learn that you

15   were under criminal investigation for tax

16   related matters?

17      A.   Fifth Amendment.

18      Q.   As of the first time that you met

19   with Mr. Lancelotta were you aware that you were

20   under criminal investigation related to tax

21   matters?

22      A.   Fifth Amendment.

23      Q.   As of the time that T. J. Fisher gave

24   you the business cards which are -- I should say

25   the business card that's reflected in Exhibits 8

1 Howard Zukerman

2 and 9 were you aware that you were under  
3 criminal investigation related to tax matters?

4 A. Fifth Amendment.

5 Q. When was the last time that you filed  
6 a personal tax return?

7 A. 2001.

8 Q. And the time prior to that?

9 A. 2000.

10 Q. And the time prior to that?

11 A. I filed all years.

12 Q. In reference to the case of United  
13 States V Hundley, in which you are named as a  
14 defendant, specifically Case Number 02 CR 441-5,  
15 has a trial date been set in that case?

16 A. Fifth Amendment.

17 Q. What is the current status of Case 02  
18 CR 441-5?

19 A. Fifth Amendment.

20 Q. Who is Monty D. Hundley?

21 A. Fifth Amendment.

22 Q. Who is Stanley S. Tollman?

23 A. Fifth Amendment.

24 Q. Who is Sanford Freedman? E e m a n.

25 Excuse me. Start over.

1 Howard Zukerman

2 Who is Sanford Freedman, E E D M A N?

3 A. Fifth Amendment.

4 Q. Who is James Cutler?

5 A. Fifth Amendment.

6 Q. Who is Brett G. Tollman?

7 A. Fifth Amendment.

8 Q. What is Tollman-Hundley Hotels, Inc.?

9 A. Fifth Amendment.

10 Q. What is the Bryanston Group, Inc.

11 A. Fifth Amendment.

12 Q. What is the Alpha Hospitality

13 Corporation?

14 A. Fifth Amendment.

15 Q. Have you ever had an association with

16 Mr. Hundley?

17 A. Fifth Amendment.

18 Q. Mr. Tollman?

19 A. Fifth Amendment.

20 Q. Mr. Freedman?

21 A. Fifth Amendment.

22 Q. Mr. Cutler?

23 A. You want me to cut it short? Fifth.

24 Q. I am just trying to make my record.

25 A. Whatever.

1 Howard Zukerman

2 Q. I am not trying to give you a hard  
3 time?

4 A. Do whatever what you want. Fifth  
5 Amendment.

6 MR. SAMMONS: Fifth Amendment is the  
7 answer.

8 A. Fifth Amendment.

9 Q. I mentioned Mr. Tollman. Have you  
10 ever had an association with either Stanley or  
11 Brett Tollman.

12 A. Fifth Amendment.

13 Q. Have you ever had an association with  
14 Tollman-Hundley Hotels, Inc.?

15 A. Fifth Amendment.

16 Q. Have you ever had and association  
17 with Bryanston Group, Inc.?

18 A. Fifth Amendment.

19 Q. Have you ever had an association with  
20 Alpha Hospitality Corporation?

21 A. Fifth Amendment.

22 Q. What is Alpha Hospitality  
23 Corporation?

24 A. Fifth Amendment.

25 Q. What is the Prince Hospitality

1 Howard Zukerman

2 Marketing Corporation?

3 A. Fifth Amendment.

4 Q. Have you ever had an association with

5 that entity?

6 A. Fifth Amendment.

7 Q. What is SD Travel, Inc.?

8 A. Fifth.

9 Q. Have you ever an association with

10 that entity?

11 A. Fifth Amendment.

12 Can I ask him something?

13 MR. SAMMONS: Sure.

14 (Witness confers with counsel.)

15 Q. What is the BF First Corporation?

16 A. Fifth Amendment.

17 Q. Have you ever had an association with

18 the BF First Corporation?

19 A. Fifth Amendment.

20 Q. What is the Paternoster Second

21 Holdings Corporation? And let me spell that.

22 That's P A T E R N O S T E R.

23 A. Fifth Amendment.

24 Q. I take it you don't know what that

25 is? Strike that.

1 Howard Zukerman

2 As to what it is and whether you had  
3 an association with it you are talking the  
4 Fifth?

5 A. Fifth Amendment.

6 Q. Let me ask you the same two questions  
7 with regard to Chelsea Acquisitions, Inc., what  
8 is it?

9 A. Fifth Amendment.

10 Q. Have you had and an association with  
11 it?

12 A. Fifth Amendment.

13 Q. Have you ever done any employment  
14 work related -- strike that.

15 Have you ever conducted any  
16 professional activities with regard to the  
17 Chelsea Acquisition Inc.?

18 A. Fifth Amendment.

19 Q. Paternoster Second Holdings, Inc.?

20 A. Fifth Amendment.

21 Q. The answer would be the same for SD  
22 Travel, Inc., BF First corporation, Alpha  
23 Hospitality Corporation, Bryanston Group, Inc.  
24 and Tollman-Hundley Hotels, Inc.?

25 A. Fifth Amendment.

1 Howard Zukerman

2 MR. SAMMONS: Do you have questions?

3 MR. SCHULMAN: Yes.

4 Q. First can you tell me whether what's  
5 marked as Deposition Exhibit 11 is the most  
6 recent indictment in case 02 CR 441-5?

7 A. Fifth Amendment.

8 MR. SCHULMAN: That document sets  
9 forth in detail a number of allegations  
10 among which deals with straw entities, and  
11 in particular I believe straw corporate  
12 entities. And I propose to take you through  
13 of each of the allegations there in that  
14 regard in detail in order to focus in on  
15 issues related to straw entities.

16 And perhaps we can save some time by  
17 my throwing this out to you and counsel;  
18 that is, I understand you are both going to  
19 or that the witness will assert the Fifth  
20 Amendment privilege as to any questions  
21 directly or indirectly related or in any  
22 fashion related to the contents of what's in  
23 Exhibit number 11.

24 MR. SAMMONS: Well, let me just say  
25 for the record that aside from any privilege



1           Howard Zukerman  
2       which the witness can address directly, I  
3       would object to the line of inquiry as being  
4       so far beyond the bounds of relevance and  
5       Rule 26 that it would be improper in any  
6       event and I would instruct him not to  
7       answer. But aside from that, I believe the  
8       witness will assert a privilege as to each  
9       of the allegations and I invite him to do  
10      so.

11           THE WITNESS: Do I answer Fifth  
12      Amendment now or later?

13           MR. SCHULMAN: Well I think rather  
14      than me taking you through detail by detail  
15      in order to go through the straw entities  
16      there, I understand you are going to assert  
17      a Fifth Amendment to any questions  
18      whatsoever with regard to that.

19           THE WITNESS: Yes, I am going to  
20      assert the Fifth Amendment privilege, yes.

21      Q.   Mr. Zukerman, without going through  
22      the details of the Exhibit 11, let me just ask  
23      you some questions just so that I feel more  
24      comfortable about my record being made.

25           Did you have any communications with

1 Howard Zukerman

2 Marine Midland Bank or any of its

3 representatives?

4 A. Fifth Amendment.

5 Q. Did you have any contact with Marine

6 Midland Bank?

7 A. Fifth Amendment.

8 Q. Did you have any communications with

9 National Westminster Bank or any of its

10 representatives?

11 MR. SAMMONS: I want to object to

12 this line of questioning based on the same

13 objection that I made a few minutes ago

14 regarding relevance.

15 MR. SCHULMAN: I think it's related to

16 the straw entities, but any event.

17 MR. SAMMONS: I don't see any

18 relevance to straw entities. So that was my

19 earlier point. That although these issues

20 are subject to a privilege they also have

21 nothing to do with this case and I object to

22 the relevance.

23 Q. The answer to the National Westminster

24 Bank question is Fifth Amendment, is that

25 correct?

1 Howard Zukerman

2 A. Yes.

3 Q. Did you have any contact -- strike  
4 that.

5 Did you have any communications with  
6 the National Westminster Bank?

7 MR. SAMMONS: I have the same  
8 objection.

9 MR. SCHULMAN: I understand you have a  
10 continuing objection.

11 MR. SAMMONS: I have an objection to  
12 this line of questioning.

13 A. Fifth Amendment.

14 Q. Let me ask the same two questions  
15 with regard to First National Bank of Chicago,  
16 did you have any contact or communications with  
17 that bank?

18 A. Fifth Amendment.

19 Q. Did you have any contact or  
20 communications with the Chemical Bank?

21 A. Fifth Amendment.

22 Q. Did you have any contact or  
23 communications with the Bank of America?

24 A. Fifth Amendment.

25 Q. Did you in or about and between

1           Howard Zukerman  
2   January 1993 and June 3, 1993 have conversations  
3   with representatives of the Marine Midland Bank  
4   in which you falsely represented that a group of  
5   European investors was prepared to purchase the  
6   deficiency note signed by Monty D. Hundley and  
7   Stanley S. Tollman?

8           MR. SAMMONS; same objection.

9    A.   Fifth Amendment.

10   Q.   Did in or about between July and  
11   October 1993 Marine Midland inform you as well  
12   as others that Marine Midland would require  
13   payment of a 25 percent of the outstanding  
14   deficiency?

15           MR. SAMMONS: Same objection.

16   A.   Fifth Amendment.

17   Q.   Did you on or about October 11, 1993  
18   write a memo to Mr. Hundley, that is Money D.  
19   Hundley, with a copy to Sanford Freedman in  
20   which you noted that you had spoken to  
21   representatives of Marine Midland earlier in the  
22   day and that the representatives were disturbed  
23   that there had been no response to Marine  
24   Midland's demand for payment of 25 percent of  
25   the outstanding deficiency?

1 Howard Zukerman

2 MR. SAMMONS: Same objection.

3 A. Fifth Amendment.

4 Q. Did you also further note that you  
5 had informed Marine Midland that no counteroffer  
6 had been made because of James Cohen, the  
7 purported representative of the European Group,  
8 had been out of the country?

9 MR. SAMMONS: Same objection.

10 A. Fifth Amendment.

11 Q. Did you conclude in that October 11,  
12 1993 memo or that written on or about that day  
13 by noting that Mr. Hundley and Sanford Freedman  
14 needed to formulate a response to Marine Midland  
15 the following day in order to get feedback to  
16 Marine Midland?

17 MR. SAMMONS: Same objection.

18 A. Fifth Amendment.

19 Q. Did you on or about between October  
20 11, 1993 and December 1, 1993 falsely represent  
21 to a representative of Marine Midland that a  
22 foreign entity known as the Westfield Group had  
23 offered to pay \$1,750,000 to purchase the  
24 deficiency note of Stanley S. Tollman and Monty  
25 D. Hundley?

1 Howard Zukerman

2 MR. SAMMONS: Same objection.

3 A. Fifth Amendment.

4 Q. Did you in and about the same time  
5 further represent to Marine Midland falsely that  
6 the Westfield Group would provide the money for  
7 the purchase and that it intended to enter into  
8 a partnership with Messrs. Tollman and Hundley  
9 for future development and ownership of hotels  
10 in the United States?

11 MR. SAMMONS: Same objection.

12 A. Fifth Amendment.

13 Q. Continuing on. Did you in or about  
14 early January 1994 represent to Marine Midland  
15 that the entity that would purchase the  
16 deficiency note of Messrs. Tollman and Hundley  
17 was Paternoster Second Holdings?

18 MR. SAMMONS: Same objection.

19 A. Fifth Amendment.

20 Q. Did you also in or about January 1994  
21 also represent falsely to Marine Midland that  
22 Paternoster was an entity of the Westfield Group  
23 and that the same people involved with the  
24 Westfield Group were involved with Paternoster?

25 MR. SAMMONS: Same objection.

1 Howard Zukerman

2 A. Fifth Amendment.

3 Q. Did you in or about May 1993 along  
4 with other representatives of TH Hotels contact  
5 and discuss with a representative of First  
6 Chicago the purchase of TH Administration and TH  
7 Court Corp. notes by a European group of  
8 investors?

9 MR. SAMMONS: Same objection.

10 A. Fifth Amendment.

11 MR. SAMMONS: Do we have any more  
12 questions, Mr. Schulman?

13 MR. SCHULMAN: Yes. One moment.  
14 Checking my notes.

15 MR. SAMMONS: The record should  
16 reflect that for the past three or four  
17 minutes Mr. Schulman been reading through  
18 the document that's been --

19 MR. SCHULMAN: I am just hitting the  
20 highlighted parts of it since this is  
21 already highlighted, and any germane ones.

22 Q. Do you know whether NADIF of  
23 Wyndholme, LLC filed any tax returns?

24 A. I don't know.

25 Q. Do you know whether they had a tax

1 Howard Zukerman

2 identification number?

3 A. I don't know.

4 Q. Who had responsibility on behalf of

5 NADIF of Wyndholme, LLC to file tax returns?

6 A. I don't know.

7 Q. Who would have been responsible to

8 apply for tax identification number?

9 A. I don't know.

10 Q. Does the Internal Revenue Service

11 have any tax liens against you?

12 A. Fifth Amendment.

13 Q. In 1999 did the Internal Revenue

14 Service have any tax liens against you?

15 MR. SAMMONS: Can we consult on the

16 privilege issue?

17 MR. SCHULMAN: Yes, of course.

18 (Witness confers with counsel.)

19 A. Fifth Amendment.

20 MR. SCHULMAN: Just bear with me. I

21 will just be a couple of more minutes.

22 Q. In case number 99 CR 836, the prior

23 case, did you plead guilty for filing a false

24 tax return for the year 1992 and understating

25 your income by approximately \$157,841?



1 Howard Zukerman

2 A. Fifth Amendment.

3 MR. SAMMONS: Let me ask a foundation  
4 question. Are you representing that that's  
5 what a document you have says that he plead  
6 guilty to?

7 MR. SCHULMAN: I am looking right  
8 at -- I will show you -- counts 1 through 4  
9 which I believe is the indictment.

10 MR. SAMMONS: You characterized this  
11 as an indictment that related to filing a  
12 false tax return? This says that he  
13 knowingly and willfully failed to make and  
14 file an income tax return.

15 MR. SCHULMAN: All right. I stand  
16 corrected.

17 MR. SAMMONS: Okay. He's not going to  
18 testify about it, but I want to make sure  
19 that when you read something into the record  
20 you have read it in correctly, and you did  
21 not read it correctly.

22 Q. Let's back up. Let me read it so that  
23 we are on the same page.

24 I did misread it.

25 Did you ever fail to file a federal

1 Howard Zukerman

2 tax return?

3 A. Fifth Amendment.

4 Q. Did you state earlier in the

5 deposition that you filed all previous years'

6 tax returns?

7 A. Yes.

8 MR. SAMMONS: Yes.

9 Q. Did you fail to file a federal tax

10 return for the year 1992 by on or before October

11 15, 1993?

12 A. Fifth Amendment.

13 Q. Did you fail to file a tax return for

14 the year 1992 in the amount of \$157,841?

15 A. Fifth Amendment.

16 Q. Did you for the year 1993, the tax

17 year 1993, fail to file a tax return by its due

18 date of October 17, 1994?

19 A. Fifth Amendment.

20 Q. Did you fail to file a tax return for

21 the year 1993 in the amount of \$157,769?

22 MR. SAMMONS: Before the witness

23 answers that question I will inject the same

24 objection that I have made to the prior line

25 of testimony or questioning. You have asked

1 Howard Zukerman

2 about tax returns now for four, five

3 questions. I have let it pass. I see no

4 relevance so I object based on that ground.

5 A. Fifth Amendment.

6 Q. Let me ask the same questions for

7 1994, the due date of October 16, 1995, and

8 income amount the amount of \$153,885?

9 MR. SAMMONS: Same objection.

10 A. Fifth Amendment.

11 Q. For 1995, for the tax year 1995 with

12 a due date of October 15, 1996 in the amount of

13 \$149,450?

14 MR. SAMMONS: Same objection.

15 A. Fifth Amendment.

16 MR. SCHULMAN: I think I am done.

17 Let me just check my notes and talk to

18 Mr. Lancelotta.

19 MR. SAMMONS: You want us to step out?

20 MR. SCHULMAN: Whatever is easiest.

21 (Discussion off the record.)

22 MR. SCHULMAN: That's all the

23 questions I have.

24 MR. SAMMONS: I have a few questions.

25 (Continued on the following page.)